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**FAIRFIELD COUNTY  
COMBINED GENERAL HEALTH DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

*Whited Seigneur Sams & Rahe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • [wssr@horizonview.net](mailto:wssr@horizonview.net)

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Mary Taylor, CPA  
Auditor of State

Members of the Board of Health  
Fairfield County Combined General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Fairfield County Combined General Health District, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fairfield County Combined General Health District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 10, 2007

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**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT**

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FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

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# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

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November 20, 2007

Fairfield County Combined General Health District  
Members of the Board of Health

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2006, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Tobacco Use Prevention Fund, Public Health Nursing Fund, Women, Infants & Children Fund, Bioterrorism Grant Fund, and Landfill/C & DD Disposal Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises the District's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

A handwritten signature in cursive script that reads "Whited Seigneur Sams & Rahe".



**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of Fairfield County Combined General Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2006 are as follows:

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2006 by \$2,242,731 (net assets).
- The District's total net assets decreased by \$128,649 which represents a 5.4% decrease from 2005.
- At the end of the current year, the District's governmental funds reported a combined ending fund balance of \$451,414. Of this amount, \$368,254 is available for spending (unreserved fund balance) on behalf of Fairfield County citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,836, or 0.7% of total general fund expenditures and other financing uses.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

**Reporting the District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the District to provide services to our citizens, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the District's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the condition of the District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are governmental funds. Fund financial reports provide detailed information about the District's major funds.

Based on restrictions on the use of monies, the District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the District's most significant funds. In the case of the Fairfield County Combined General Health District, our major funds are the General Fund, Tobacco Use Prevention Fund, Public Health Nursing Fund, Women, Infants and Children Fund, Bioterrorism Grant Fund and the Landfill/C & DD Disposal Fund. The analysis of the District's major funds begins on page 12.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,242,731 as of December 31, 2006.

Table 1 provides a summary of the District's net assets for 2006 compared to 2005.

(Table 1)  
**Net Assets**

	Governmental Activities	
	(Restated)	
	2006	2005
<b>Assets</b>		
Current & Other Assets	\$ 1,203,696	\$ 1,072,755
Capital Assets, Net	1,559,783	1,610,790
Total Assets	2,763,479	2,683,545
<b>Liabilities</b>		
Current & Other Liabilities	347,681	180,327
Long-Term Liabilities:		
Due Within One Year	121,586	79,856
Due in More Than One Year	51,481	51,982
Total Liabilities	520,748	312,165
<b>Net Assets</b>		
Invested in Capital Assets, net of related deb	1,559,783	1,610,790
Restricted for:		
Other Purposes	810,170	831,601
Unrestricted	(127,222)	(71,011)
Total Net Assets	\$ 2,242,731	\$ 2,371,380

Table 2 provides a summary of the changes in net assets for 2006. Since the District did not prepare financial statements in this format for 2005, a comparative analysis of government wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Changes in Net Assets**

	Governmental Activities 2006
	2006
Program Revenues:	
Charges for Services and Sales	\$ 1,466,084
Operating Grants and Contributions	1,687,507
General Revenues:	
Property Taxes	692,531
Grants and Entitlements Not Restricted to Specific Programs	65,573
Unrestricted Contributions	812
Other	24,589
Total Revenues	3,937,096
 Program Expenses	
Health:	
Environmental Health	821,466
Community Health Services	1,700,589
Health Promotion and Planning	555,376
Administration	985,514
Interest and Fiscal Charges	2,800
Total Expenses	4,065,745
 Increase (Decrease) in Net Assets	 \$ (128,649)

*Governmental Activities*

The District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning and Administration. Major programs in Environmental Health include food service, water system and landfill inspections. Community Health Services include the public health clinic and WIC program services. Major programs in Health Promotion and Planning are the tobacco use prevention program and the bioterrorism (Infrastructure) program which ensures public health is ready and able to respond to major emergencies or terrorism events.

The District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continue to be productive. Grants include Safe Communities, Bioterrorism (Infrastructure), Ohio Tobacco Prevention, Child and Family Health Services, Family Planning (Title X), Women's Health Services and Women, Infants, and Children (WIC).

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$451,414. Of this amount, \$368,254 constitutes unreserved fund balance, which is available for spending. The remaining fund balance of \$83,160 is reserved to indicate that it is not available for new spending. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$18,932. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 1.3% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$33,991 in 2006. Charges for services account for 29.8% of revenues in the General Fund while licenses and permits comprise 9.7% of total revenues. Property Taxes consist of allocations from Fairfield County. Administration accounts for the majority, \$985,514 of expenditures in the General Fund.

The Tobacco Use Prevention Special Revenue Fund accounts for state grant monies for the promotion of reducing tobacco use in youth and adults. At the end of the current fiscal year the total fund balance was \$116,849.

The Public Health Nursing Special Revenue Fund accounts for charges for services and Medicaid revenues for health clinic services, immunizations, tuberculosis testing, and flu injections. At the end of the current fiscal year the total fund balance was \$41,963.

The Women, Infants & Children Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children (WIC) Program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of the current fiscal year the total fund balance was \$17,681.

The Bioterrorism Grant Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the District Emergency Operation Plan, and all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with involvement of key partners in Fairfield County as well as regional partners. At the end of the current fiscal year the ending fund balance was \$55,567.

The Landfill/C & DD Disposal Special Revenue Fund accounts for refuse disposal fees. At the end of the current fiscal year the total fund balance was \$61,565.

**Fairfield County Combined General Health District**  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2006  
 Unaudited

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**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2006, the District amended its General Fund budget numerous times. All recommendations for the budget were reviewed by the District's Board for adoption of a resolution on the change. With the General fund supporting many of the major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending.

The General Fund final budget basis revenue was \$1,466,156 representing a \$157,314 decrease from the original budget estimates of \$1,623,470. The final budget reflected a 2.4% decrease from the original budgeted amount. Most of this difference was due to the delayed inception of the plumbing inspection program. The final budget basis expenditures were \$1,432,557 representing a decrease of \$54,950 from the original budget.

**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$1,559,783, net of accumulated depreciation in a range of capital assets, as follows:

Capital Assets, Net of Accumulated Depreciation as of December 31, 2006:

	Governmental Activities	
	2006	2005
Land	\$ 186,149	\$ 186,149
Building	1,316,586	1,336,384
Equipment	36,851	55,550
Vehicles	20,197	32,707
Total Capital Assets, Net	\$ 1,559,783	\$ 1,610,790

More detailed information concerning the District's capital assets can be found in Note 7 of the basis financial statements.

**Debt**

During 2006, the District issued a note payable of \$70,000 to the Fairfield County Board of Commissioners. For additional information on debt, see Note 8 to the basic financial statements.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Economic Factors and Next Year's Budget**

The Fairfield County Combined General Health District's budget for 2007 allows for a 3% increase in revenue and expenses. A one-time contingency allowance by the County Budget Commission allowed the District to enter 2006 without borrowing from the 2007 tax settlement. The Budget Commission awarded \$749,592 as the District's portion on real estate taxes, which amounted to a 5% increase in the District's award. The budget reflects revised revenue and expenses for the Plumbing Program, instituted in early 2006. These revenues were over-estimated during 2006, but with historical data available, more realistic figures appeared in the 2007 budget. The 2007 budget also reflects the loss of the Help Me Grow Grant, which now appears as a contract within the Public Health Nursing Fund. The Board declined to increase House-to-House fees during 2006, but then increased the fees by 60% in 2007. This was the first fee increase for the program since it was instituted in 1994. Vital Statistics fees were also increased by 5% in response to increased program costs.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paulette Tiller – Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130, email to [ptiller@co.fairfield.oh.us](mailto:ptiller@co.fairfield.oh.us) or calling the District at 740-653-4489.

**Fairfield County Combined General Health District**

*Statement of Net Assets*

*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents:	
With Fiscal Agents	\$ 335,620
Accounts Receivable, Net	85,876
Intergovernmental Receivable	727,304
Prepaid Items	19,972
Property Taxes Receivable	34,924
Nondepreciable Capital Assets	186,149
Depreciable Capital Assets, Net	<u>1,373,634</u>
 <i>Total Assets</i>	 <u>2,763,479</u>
<b>Liabilities</b>	
Accounts Payable	79,296
Accrued Wages & Benefits	129,947
Intergovernmental Payable	65,638
Accrued Interest Payable	2,800
Notes Payable	70,000
Long-Term Liabilities:	
Due Within One Year	121,586
Due In More Than One Year	<u>51,481</u>
 <i>Total Liabilities</i>	 <u>520,748</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	1,559,783
Restricted for:	
Other Purposes	810,170
Unrestricted (Deficit)	<u>(127,222)</u>
 <i>Total Net Assets</i>	 <u>\$ 2,242,731</u>

See accompanying notes to the basic financial statements.



**Fairfield County Combined General Health District**

*Statement of Activities*

*For the Year Ended December 31, 2006*

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities:				
Health:				
Environmental Health	\$ 821,466	\$ 671,093	\$ 54,448	\$ (95,925)
Community Health Services	1,700,589	347,770	1,012,443	(340,376)
Health Promotion and Planning	555,376	22,715	594,799	62,138
Administration	985,514	423,304	25,744	(536,466)
Interest and Fiscal Charges	2,800	1,202	73	(1,525)
<i>Total Governmental Activities</i>	<u>\$ 4,065,745</u>	<u>\$ 1,466,084</u>	<u>\$ 1,687,507</u>	<u>(912,154)</u>

**General Revenues**

Property Taxes Levied for:

General Purposes	692,531
Grants and Entitlements not Restricted to Specific Programs	65,573
Unrestricted Contributions	812
Miscellaneous	24,589
	<u>783,505</u>

*Total General Revenues*

783,505

Change in Net Assets

(128,649)

*Net Assets Beginning of Year - (See Note 3)*

2,371,380

*Net Assets End of Year*

\$ 2,242,731

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2006*

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants & Children Fund	Bioterrorism Grant Fund	Landfill/ C & DD Disposal Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and Cash Equivalents:								
With Fiscal Agents	\$ 25,351	\$ 20,171	\$ 34,459	\$ 5,091	\$ 18,473	\$ 109,255	\$ 122,820	\$ 335,620
Accounts Receivable, Net	11,819	-	62,658	-	-	11,072	327	85,876
Intergovernmental Receivable	-	103,001	80,218	263,003	143,084	-	137,998	727,304
Prepaid Items	13,199	1,096	273	1,056	329	411	3,608	19,972
Property Taxes Receivable	34,924	-	-	-	-	-	-	34,924
<i>Total Assets</i>	<u>\$ 85,293</u>	<u>\$ 124,268</u>	<u>\$ 177,608</u>	<u>\$ 269,150</u>	<u>\$ 161,886</u>	<u>\$ 120,738</u>	<u>\$ 264,753</u>	<u>\$ 1,203,696</u>
<b>Liabilities</b>								
Accounts Payable	\$ 15,760	\$ 2,743	\$ 47,701	\$ 1,878	\$ 844	\$ 916	\$ 9,454	\$ 79,296
Accrued Wages & Benefits	49,091	4,676	29,385	12,559	5,432	757	28,047	129,947
Intergovernmental Payable	1,510	-	-	171	-	57,500	6,457	65,638
Deferred Revenue	-	-	58,559	236,861	100,043	-	81,938	477,401
<i>Total Liabilities</i>	<u>66,361</u>	<u>7,419</u>	<u>135,645</u>	<u>251,469</u>	<u>106,319</u>	<u>59,173</u>	<u>125,896</u>	<u>752,282</u>
<b>Fund Balances</b>								
Reserved for Encumbrances	9,096	5,498	6,241	1,016	100	44,551	16,658	83,160
Unreserved, Undesignated, Reported in:								
General Fund	9,836	-	-	-	-	-	-	9,836
Special Revenue Funds	-	111,351	35,722	16,665	55,467	17,014	122,199	358,418
<i>Total Fund Balances</i>	<u>18,932</u>	<u>116,849</u>	<u>41,963</u>	<u>17,681</u>	<u>55,567</u>	<u>61,565</u>	<u>138,857</u>	<u>451,414</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 85,293</u>	<u>\$ 124,268</u>	<u>\$ 177,608</u>	<u>\$ 269,150</u>	<u>\$ 161,886</u>	<u>\$ 120,738</u>	<u>\$ 264,753</u>	<u>\$ 1,203,696</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2006*

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<b>Total Governmental Funds Balances</b>	\$	451,414
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*Amounts reported for governmental activities in the  
 statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,559,783
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Intergovernmental Revenues		477,401
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Notes Payable	(70,000)	
Compensated Absences	(173,067)	
Accrued Interest Payable	(2,800)	

Total		(245,867)
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Net assets of governmental activities	\$	2,242,731
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**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, and Children Fund	Bioterrorism Grant Fund	Landfill/ C & DD Disposal Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Property Taxes	\$ 692,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,531
Intergovernmental	100,231	332,642	511,290	221,598	166,252	-	424,486	1,756,499
Licenses, Permits and Fees	139,914	-	80,223	-	-	60,000	231,759	511,896
Fines and Forfeitures	-	-	-	-	-	-	294	294
Charges for Services	429,963	-	149,077	-	-	214,178	138,776	931,994
Contributions and Donations	812	-	4,991	-	-	-	11,096	16,899
Miscellaneous	7,753	-	6,639	-	-	-	10,197	24,589
<b>Total Revenues</b>	<b>1,371,204</b>	<b>332,642</b>	<b>752,220</b>	<b>221,598</b>	<b>166,252</b>	<b>274,178</b>	<b>816,608</b>	<b>3,934,702</b>
<b>Expenditures</b>								
Current:								
Health:								
Environmental Health	101,501	-	-	-	-	255,472	431,530	788,503
Community Health Services	215,695	-	869,912	278,764	-	-	281,219	1,645,590
Health Promotion and Planning	-	284,550	-	-	139,177	-	127,376	551,103
Administration	985,514	-	-	-	-	-	-	985,514
<b>Total Expenditures</b>	<b>1,302,710</b>	<b>284,550</b>	<b>869,912</b>	<b>278,764</b>	<b>139,177</b>	<b>255,472</b>	<b>840,125</b>	<b>3,970,710</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>68,494</b>	<b>48,092</b>	<b>(117,692)</b>	<b>(57,166)</b>	<b>27,075</b>	<b>18,706</b>	<b>(23,517)</b>	<b>(36,008)</b>
<b>Other Financing Sources (Uses)</b>								
Note Issued	70,000	-	-	-	-	-	-	70,000
Transfers In	-	-	90,579	-	-	-	13,924	104,503
Transfers Out	(104,503)	-	-	-	-	-	-	(104,503)
<b>Total Other Financing Sources (Uses)</b>	<b>(34,503)</b>	<b>-</b>	<b>90,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,924</b>	<b>70,000</b>
<b>Net Change in Fund Balances</b>	<b>33,991</b>	<b>48,092</b>	<b>(27,113)</b>	<b>(57,166)</b>	<b>27,075</b>	<b>18,706</b>	<b>(9,593)</b>	<b>33,992</b>
<i>Fund Balances (Deficits) Beginning of Year - Restated (See Note 3)</i>	<b>(15,059)</b>	<b>68,757</b>	<b>69,076</b>	<b>74,847</b>	<b>28,492</b>	<b>42,859</b>	<b>148,450</b>	<b>417,422</b>
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 18,932</b>	<b>\$ 116,849</b>	<b>\$ 41,963</b>	<b>\$ 17,681</b>	<b>\$ 55,567</b>	<b>\$ 61,565</b>	<b>\$ 138,857</b>	<b>\$ 451,414</b>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006*

**Net Change in Fund Balances - Total Governmental Funds** \$ 33,992

*Amounts reported for governmental activities in the  
statement of activities are different because*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	5,435	
Depreciation expense	(56,442)	
Excess of depreciation over capital outlay		(51,007)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental Revenue	(9,845)	
Charges for Services	12,240	
Total revenues not reported in the funds		2,395

Note proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net assets. (70,000)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (2,800)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(41,229)

<i>Change in Net Assets of Governmental Activities</i>		\$ (128,649)

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$ 705,692	\$ 671,692	\$ 670,772	\$ (920)
Intergovernmental	146,042	67,500	105,931	38,431
Licenses and Permits	139,960	182,326	132,326	(50,000)
Charges for Services	561,776	474,638	429,694	(44,944)
Contributions and Donations	-	-	812	812
Miscellaneous	-	-	8,153	8,153
<i>Total Revenues</i>	<u>1,553,470</u>	<u>1,396,156</u>	<u>1,347,688</u>	<u>(48,468)</u>
<b>Expenditures</b>				
Current:				
Health:				
Environmental Health	107,477	120,903	104,290	16,613
Community Health Services	228,395	224,757	221,618	3,139
Administration	1,050,372	985,634	985,514	120
<i>Total Expenditures</i>	<u>1,386,244</u>	<u>1,331,294</u>	<u>1,311,422</u>	<u>19,872</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>167,226</u>	<u>64,862</u>	<u>36,266</u>	<u>(28,596)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Notes	70,000	70,000	70,000	-
Advances In	-	-	120,800	120,800
Advances Out	-	-	(124,540)	(124,540)
Transfers Out	(101,263)	(101,263)	(100,763)	500
<i>Total Other Financing Sources (Uses)</i>	<u>(31,263)</u>	<u>(31,263)</u>	<u>(34,503)</u>	<u>(3,240)</u>
<i>Net Change in Fund Balance</i>	135,963	33,599	1,763	(31,836)
<i>Fund Balance Beginning of Year</i>	12,816	12,816	12,816	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 148,779</u>	<u>\$ 46,415</u>	<u>\$ 14,579</u>	<u>\$ (31,836)</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Tobacco Use Prevention Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 300,000	\$ 299,144	\$ 229,641	\$ (69,503)
<i>Total Revenues</i>	<u>300,000</u>	<u>299,144</u>	<u>229,641</u>	<u>(69,503)</u>
<b>Expenditures</b>				
Current:				
Health:				
Health Promotion and Planning	300,000	308,914	294,241	14,673
<i>Total Expenditures</i>	<u>300,000</u>	<u>308,914</u>	<u>294,241</u>	<u>14,673</u>
<i>Net Change in Fund Balance</i>	-	(9,770)	(64,600)	(54,830)
<i>Fund Balance Beginning of Year</i>	68,028	68,028	68,028	-
Prior Year Encumbrances Appropriated	<u>11,244</u>	<u>11,244</u>	<u>11,244</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 79,272</u></u>	<u><u>\$ 69,502</u></u>	<u><u>\$ 14,672</u></u>	<u><u>\$ (54,830)</u></u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Public Health Nursing Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 577,454	\$ 577,454	\$ 499,458	\$ (77,996)
Licenses and Permits	90,000	90,000	81,256	(8,744)
Charges for Services	67,800	67,800	150,123	82,323
Contributions and Donations	5,580	5,580	5,003	(577)
Miscellaneous	1,200	1,200	6,639	5,439
<i>Total Revenues</i>	<u>742,034</u>	<u>742,034</u>	<u>742,479</u>	<u>445</u>
<b>Expenditures</b>				
Current:				
Health:				
Community Health Services	840,455	843,259	843,229	30
<i>Total Expenditures</i>	<u>840,455</u>	<u>843,259</u>	<u>843,229</u>	<u>30</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(98,421)</u>	<u>(101,225)</u>	<u>(100,750)</u>	<u>475</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	49,100	49,100
Advances Out	-	-	(49,100)	(49,100)
Transfers In	92,549	92,549	90,579	(1,970)
<i>Total Other Financing Sources (Uses)</i>	<u>92,549</u>	<u>92,549</u>	<u>90,579</u>	<u>(1,970)</u>
<i>Net Change in Fund Balance</i>	(5,872)	(8,676)	(10,171)	(1,495)
<i>Fund Balance Beginning of Year</i>	29,036	29,036	29,036	-
Prior Year Encumbrances Appropriated	9,354	9,354	9,354	-
<i>Fund Balance End of Year</i>	<u>\$ 32,518</u>	<u>\$ 29,714</u>	<u>\$ 28,219</u>	<u>\$ (1,495)</u>

See accompanying notes to the basic financial statements.



**Fairfield County Combined General Health District**

*Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Women, Infants, and Children Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 273,981	\$ 273,981	\$ 261,956	\$ (12,025)
<i>Total Revenues</i>	<u>273,981</u>	<u>273,981</u>	<u>261,956</u>	<u>(12,025)</u>
<b>Expenditures</b>				
Current:				
Health:				
Community Health Services	291,778	279,235	278,258	977
<i>Total Expenditures</i>	<u>291,778</u>	<u>279,235</u>	<u>278,258</u>	<u>977</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(17,797)</u>	<u>(5,254)</u>	<u>(16,302)</u>	<u>(11,048)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In		-	25,000	25,000
Advances Out		-	(25,000)	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(17,797)</u>	<u>(5,254)</u>	<u>(16,302)</u>	<u>(11,048)</u>
<i>Fund Balance Beginning of Year</i>	<u>20,377</u>	<u>20,377</u>	<u>20,377</u>	<u>-</u>
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 2,580</u>	<u>\$ 15,123</u>	<u>\$ 4,075</u>	<u>\$ (11,048)</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Bioterrorism Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 124,614	\$ 121,588	\$ 123,211	\$ 1,623
<i>Total Revenues</i>	<u>124,614</u>	<u>121,588</u>	<u>123,211</u>	<u>1,623</u>
<b>Expenditures</b>				
Current:				
Health:				
Health Promotion and Planning	127,850	140,683	137,065	3,618
<i>Total Expenditures</i>	<u>127,850</u>	<u>140,683</u>	<u>137,065</u>	<u>3,618</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,236)</u>	<u>(19,095)</u>	<u>(13,854)</u>	<u>5,241</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	1,800	1,800
Advances Out	-	-	(1,800)	(1,800)
Transfers In	-	3,026	-	(3,026)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>3,026</u>	<u>-</u>	<u>(3,026)</u>
<i>Net Change in Fund Balance</i>	(3,236)	(16,069)	(13,854)	2,215
<i>Fund Balance Beginning of Year</i>	32,227	32,227	32,227	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 28,991</u>	<u>\$ 16,158</u>	<u>\$ 18,373</u>	<u>\$ 2,215</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Landfill/C & DD Disposal Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Favorable (Unfavorable)
<b>Revenues</b>				
Licenses and Permits	\$ 7,920	\$ 60,000	\$ 60,000	\$ -
Charges for Services	28,080	151,000	213,888	62,888
<i>Total Revenues</i>	<u>36,000</u>	<u>211,000</u>	<u>273,888</u>	<u>62,888</u>
<b>Expenditures</b>				
Current:				
Health:				
Environmental Health	175,000	245,007	243,191	1,816
<i>Total Expenditures</i>	<u>175,000</u>	<u>245,007</u>	<u>243,191</u>	<u>1,816</u>
<i>Net Change in Fund Balance</i>	(139,000)	(34,007)	30,697	64,704
<i>Fund Balance Beginning of Year</i>	31,822	31,822	31,822	-
Prior Year Encumbrances Appropriated	2,185	2,185	2,185	-
<i>Fund Balance End of Year</i>	<u>\$ (104,993)</u>	<u>\$ -</u>	<u>\$ 64,704</u>	<u>\$ 64,704</u>

See accompanying notes to the basic financial statements.

## Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

### **Note 1 - Reporting Entity**

The Fairfield County General Health District merged with the City of Lancaster Health Department on January 1, 2002 and became known as the Fairfield County Combined General Health District (the District) in accordance with 3709.07 of the Ohio Revised Code. The District is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is operated by a Board for the purpose to address safety, health and wellness of the residents of Fairfield County.

The District's Board is directed by an eleven member Board and a Health Commissioner. The District services include communicable disease investigations, immunization clinics, inspections, vital statistics, public health nursing services, and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable. The District has no component units.

### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of the District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

#### **A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

#### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular program. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

## Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

#### B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented in one category, governmental.

#### Governmental Funds

Governmental funds are those through which all governmental functions of the District are financed. Governmental fund reporting focuses of the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

*General Fund* – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Tobacco Use Prevention Special Revenue Fund* – The Tobacco Use Prevention Special Revenue Fund accounts for state grant monies for tobacco use prevention and education.

*Public Health Nursing Special Revenue Fund* – The Public Health Nursing Special Revenue Fund accounts for activities related to providing public health clinic services.

*Women, Infants and Children (WIC) Special Revenue Fund* – The WIC Fund accounts for federal grant monies for the administration of the WIC program.

*Bioterrorism Grant Special Revenue Fund* – The Bioterrorism Grant Special Revenue Fund accounts for federal grant monies and public health infrastructure and emergency planning efforts.

*Landfill/C & DD Disposal Special Revenue Fund* – The Landfill/C & DD Disposal Special Revenue Fund accounts for permits and fees associated with landfill disposal.

The other governmental funds of the District account for grants and other resources whose use is restricted for a particular purpose.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets. The Statement of Activity presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current asset and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues-Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property tax allocation from Fairfield County, grants, entitlements, and donations. Revenue from property tax allocation, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements; licenses and permits; fines and forfeitures; and charges for services.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolutions, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the Fairfield County Budget Commission. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at fund, function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**F. Cash and Investments**

The County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Fairfield County Auditor, Barbara Curtiss, 210 East Main Street, Lancaster, Ohio 43130, [www.fairfieldauditor.org](http://www.fairfieldauditor.org), (740) 687-7185.

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**H. Accounts Receivables**

Accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**I. Capital Assets**

Capital assets, which include vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Building	70
Vehicles	4-5
Equipment	5-12



**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**J. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. The District reclassifies all unpaid short-term interfund loans at year-end to permanent interfund transfers. Interfund transfers within governmental activities are eliminated on the statement of activities.

**K. Compensated Absences**

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net assets restricted for other purposes are restricted by grantors and regulations of other governments. Of the District's restricted net assets of \$810,170, none are restricted by enabling legislation.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**N. Fund Balance Reserves**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 3 – Change in Basis of Accounting and Restatement of Prior Year Net Assets**

For fiscal year 2006, the District changed the presentation of their financial statements from GASB 34 “look-alike” format to financial statements which are in conformity with generally accepted accounting principles. The following summarizes the accrual adjustments necessary to restate the December 31, 2005 net asset balances:

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants and Children Fund	Bioterrorism Fund	Landfill/ C & DD Disposal Fund	Total Nonmajor Funds	Total
Fund Balances, December 31, 2005	\$ 12,816	\$ 79,272	\$ 38,390	\$ 20,377	\$ 32,227	\$ 34,007	\$ 92,008	\$ 309,097
Accounts Receivable	4,362	-	44,526	-	-	10,782	3,482	63,152
Intergovernmental Receivable	5,700	22,543	94,479	212,793	87,725	-	242,219	665,459
Prepaid Expenses	8,985	911	5,174	396	478	411	5,527	21,882
Property Taxes Receivable	13,165	-	-	-	-	-	-	13,165
Accounts Payable	(15,118)	(400)	(16,576)	(948)	(255)	-	(4,644)	(37,941)
Accrued Wages & Benefits	(42,158)	(4,442)	(31,577)	(11,116)	(3,958)	(2,341)	(34,891)	(130,483)
Intergovernmental Payable	(2,811)	(6,584)	-	(362)	-	-	(2,145)	(11,902)
Deferred Revenue	-	(22,543)	(65,340)	(146,293)	(87,725)	-	(153,106)	(475,007)
Restated Fund Balances, December 31, 2005	<u>\$ (15,059)</u>	<u>\$ 68,757</u>	<u>\$ 69,076</u>	<u>\$ 74,847</u>	<u>\$ 28,492</u>	<u>\$ 42,859</u>	<u>\$ 148,450</u>	<u>417,422</u>
GASB 34 Adjustments:								
Capital Assets, net								1,610,790
Long-Term Liabilities								(131,839)
Deferred Revenue								475,007
Restated Net Assets, December 31, 2005								<u>\$ 2,371,380</u>

**Note 4- Accountability**

The following funds had deficit net assets at December 31, 2006:

General Fund	(\$127,222)
Food Service	(9,675)
Water System	(2,838)

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 4- Accountability (Continued)**

The deficits in these funds are the result of application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

**Note 5 – Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general and each major special revenue fund is presented in the basic financial statements to provide a meaningful comparison of actual results compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and for the Major Special Revenue Funds.

**Net Change in Fund Balance**

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, & Children Fund	Bioterrorism Grant Fund	Landfill/ C & DD Disposal Fund
GAAP Basis	\$ 33,991	\$ 48,092	\$ (27,113)	\$ (57,166)	\$ 27,075	\$ 18,706
Net Adjustment for Revenue Accruals	(23,516)	(103,001)	(9,741)	40,358	(43,041)	(290)
Net Adjustment for Expenditure Accruals	2,060	(4,193)	32,924	1,522	2,212	56,832
Encumbrances	(10,772)	(5,498)	(6,241)	(1,016)	(100)	(44,551)
Budget Basis	<u>\$ 1,763</u>	<u>\$ (64,600)</u>	<u>\$ (10,171)</u>	<u>\$ (16,302)</u>	<u>\$ (13,854)</u>	<u>\$ 30,697</u>

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 6 - Receivables**

Receivables at December 31, 2006 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

Governmental Funds	Intergovernmental Receivable	Accounts Receivable
General Fund	\$ -	\$ 11,819
Tobacco Use Prevention Fund	103,001	-
Trailer Park Fund	-	261
Public Health Nursing Fund	80,218	72,552
Water System Fund	-	43
Women, Infants & Children Fund	263,003	-
Family Planning Fund	4,692	23
Maternal & Child Health Fund	41,760	-
Bioterrorism Grant Fund	143,084	-
Safety Grant Fund	8,316	-
Women's Health Grant Fund	83,230	-
Landfill/C & DD Disposal Fund	-	11,072
Total Receivables	\$ 727,304	\$ 95,770
Allowance for Doubtful Accounts	-	(9,894)
Receivables, net	<u>\$ 727,304</u>	<u>\$ 85,876</u>

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 7 – Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2006</u>
<b><u>Governmental Activities</u></b>				
Nondepreciable Capital Assets:				
Land	\$ 186,149	\$ -	\$ -	\$ 186,149
Total Nondepreciable Capital Assets	<u>186,149</u>	<u>-</u>	<u>-</u>	<u>186,149</u>
Depreciable Capital Assets:				
Building	1,385,880	-	-	1,385,880
Equipment	120,889	-	-	120,889
Vehicles	163,875	5,435	-	169,310
Total Depreciable Capital Assets	<u>1,670,644</u>	<u>5,435</u>	<u>-</u>	<u>1,676,079</u>
Accumulated Depreciation:				
Building	49,496	19,798	-	69,294
Equipment	65,339	18,699	-	84,038
Vehicles	131,168	17,945	-	149,113
Total Accumulated Depreciation	<u>246,003</u>	<u>56,442</u>	<u>-</u>	<u>302,445</u>
Total Depreciable Capital Assets, Net	<u>1,424,641</u>	<u>(51,007)</u>	<u>-</u>	<u>1,373,634</u>
Governmental Capital Assets, Net	<u>\$ 1,610,790</u>	<u>\$ (51,007)</u>	<u>\$ -</u>	<u>\$ 1,559,783</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental Activities:</u>	
Environmental Health	\$ 21,481
Community Health	31,653
Health Promotion and Planning	3,308
Total Depreciation Expense	<u>\$ 56,442</u>

**Note 8 – Note Payable**

The District issued a note payable on May 30, 2006 to the Fairfield County Commissioners for \$70,000 in order to meet additional expenses with respect to a Federal EPA Grant. Repayment terms are as follows: at least half is due on or before December 29, 2006 along with interest (4% APR) with the balance to be paid on or before June 1, 2007. No repayments had been made by December 31, 2006.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 8 – Note Payable (Continued)**

	<u>Outstanding</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/2006</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Note Payable	\$ -	\$ 70,000	\$ -	\$ 70,000	\$ 70,000

**Note 9- Long-Term Obligations**

Changes in the District's long-term obligations during the year consisted of the following:

	<u>Outstanding</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/2006</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Compensated Absences	\$ 131,838	\$ 173,067	\$ 131,838	\$ 173,067	\$ 121,586

Compensated absences are paid from the fund from which the respective employees' salaries are paid.

**Note 10- Interfund Transfers**

Transfers are used to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds.

	<u>Transfer from</u> <u>General Fund</u>	
<b>Transfer to</b>	Major Fund:	
	Public Health Nursing Fund	\$ 90,579
	Nonmajor Funds:	
	Trailer Park Fund	2,803
	Water System Fund	4,595
	Swimming Pool Fund	1,486
	Safety Grant Fund	3,240
	Womens' Health Grant Fund	1,800
	Total Nonmajor Governmental Funds	<u>13,924</u>
	Total Interfund Transfers	<u>\$ 104,503</u>

**Note 11 – Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 11 – Risk Management (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge the PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Property and casualty settlements did not exceeded insurance coverage in any of the past three years. There has been no significant change in coverage from last year.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 11 – Risk Management (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
<u>Casualty Coverage</u>		
Assets	\$ 30,997,868	\$ 29,719,675
Liabilities	<u>(15,875,741)</u>	<u>(1,599,168)</u>
Retained Earnings	<u>\$ 15,122,127</u>	<u>\$ 28,120,507</u>
<u>Property Coverage</u>		
Assets	\$ 5,125,326	\$ 4,443,332
Liabilities	<u>(863,163)</u>	<u>(1,068,245)</u>
Retained Earnings	<u>\$ 4,262,163</u>	<u>\$ 3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payments. The Government's share of these unpaid claims collectible in future years is approximately \$50,000. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>		
2004	\$	37,146
2005	\$	33,295
2006	\$	32,406

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.



**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 12 – Defined Benefit Pension Plans**

Ohio Public Employees Retirement System

The District employees participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS, provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

OPERS administers three separate pension plans as described below.

The Traditional Pension Plan – a cost sharing multiple-employer defined benefit pension plan;

The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings;

The Combined Plan – a cost sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2006 was 9.0% for employees. The 2006 employer contribution rate was 13.70% of covered payroll. The District's contributions to PERS for the years ended December 31, 2006, 2005 and 2004 were \$262,899, \$262,123, and \$254,259 respectively. The District has contributed 100% for the years 2006, 2005 and 2004.

**Note 13- Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2006 employer contribution rate was 13.70% of covered payroll for employees not engaged in law enforcement, 4.50% was the portion that was used to fund health care.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 13- Postemployment Benefits (Continued)**

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2005. An entry age normal actuarial cost method valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used.

Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.50%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase were assumed to range from .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years health care costs were assumed to increase 4%.

At December 31, 2006, the total number of active contributing participants was 369,214. As of December 31, 2005, the net assets available for future OPEB were \$11.1 billion. The District's actual contributions for 2006 which were used to fund OPEB were \$86,362 for employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**Note 14- Other Employee Benefits**

Compensated Absences

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.03 hours of sick pay for each 70 hours of service completed. Upon retirement, an eligible employee shall be paid one-fourth of accrued, but unused sick leave credit up to a maximum of 30 days (210 hours).

After one year of continuous employment, permanent, full-time employees are entitled to 10-30 days of vacation leave, depending upon length of service. Accumulated, unused vacation leave is paid to employees upon termination of employment.

Dental and Life Insurance

Dental coverage is provided through Ohio Insurance Services. Life insurance is provided through Anthem Life Insurance Co. Life insurance coverage is as follows: \$20,000 per employee; \$5,000 per dependent or spouse, up to age 65; and \$2,500 per child.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

**Note 15 – Subsequent Events**

In June, 2007, the District received notice of approval of the application for Federally Qualified Health Center (FQHC) Look-Alike Grant Program designation. This will allow the District to expand its health care services to the medically underserved population of Fairfield County and receive enhanced (wrap-around) reimbursement from the Ohio Department of Job and Family Services.

**Note 16- Contingencies**

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2006.

Litigation

The District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial position of the District.

**Fairfield County Combined General Health District**

Schedule of Federal Awards Expenditures

For the Year Ended December 31, 2006

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children	23-1-001-1-CL-06/ 23-1-001-1-CL-07	10.557	\$ 277,242
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Ohio Department of Health			
Family Planning Services	23-1-001-1-XX-05/ 23-1-001-1-XX-06	93.217	74,496
Centers for Disease Control and Prevention- Investigation and Technical Assistance	23-1-001-2-BI-06/ 23-1-001-2-BI-07	93.283	136,965
Maternal and Child Health Services Block Grant	23-1-001-1-MC-06/ 23-1-001-1-MC-07	93.994	<u>82,918</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			294,379
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety	23-00-00-00644	20.600	<u>34,265</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>34,265</u>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<u>\$ 605,886</u>

The accompanying notes to this schedule are an integral part of this schedule.

**Fairfield County Combined General Health District**  
Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2006

**Note 1-Significant Accounting Policies**

The accompanying schedule of federal awards expenditures summarizes the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note 2- Subrecipients**

The District passes-through the State and Community Highway Safety grant to local school districts. As described in Note 1, the District records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering this Federal program. Under OMB Circular A-133, the District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

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November 20, 2007

Fairfield County Combined General Health District  
Members of the Board of Health

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2006, and have issued our report thereon dated November 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2006-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider Finding 2006-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated November 20, 2007.

This report is intended solely for the information and use of the members of the Board of Health, management, federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,  
WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

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November 20, 2007

Fairfield County Combined General Health District  
Members of the Board of Health

## **Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

### **Compliance**

We have audited the compliance of Fairfield County Combined General Health District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Health, federal awarding agencies and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**Fairfield County Combined General Health District**

Schedule of Findings and Questioned Costs

OMB Circular A-133 § .505

For the Year Ended December 31, 2006

**1. SUMMARY OF AUDITOR'S RESULTS**

Type of Financial Statement Opinion	Unqualified
Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
Were there any other significant deficiencies in internal control reported at the financial statement level GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under §.510	No
Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557  State and Community Highway Safety, CFDA #20.600
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

**Fairfield County Combined General Health District**  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
For the Year Ended December 31, 2006

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Significant Deficiency/Material Weakness:**

Condition: A control deficiency exists regarding the oversight of the District's financial reporting. No policy or procedure exists regarding the preparation of accrual based financial statements.

Criteria: An internal control policy and procedure should be implemented to address the process of financial reporting.

Effect: The lack of an internal control policy/procedure over financial reporting can allow material misstatements and/or omissions in financial reporting to occur.

Recommendation: The District should implement a policy/procedure over financial reporting. Additional resources/consultation should be sought if deemed necessary to address the application control processes of procedures used to derive year-end accrual entries, to enter journal entries into the trial balances, and compile the resulting financial statements and note disclosures.

Auditee Response: The District feels that the ideal resolution to this weakness would be to outsource the conversion of the financial statements. This practice would add one more layer to their fiscal structure, allowing someone outside of the District to oversee their fiscal reporting and procedures.

However, at this time, the District does not have sufficient funding to either outsource this task or to add to their fiscal staff. Until the financial position of the District improves, they will continue to have the current staff perform the conversion. The District will seek training from outside sources, so that their staff will be competent to complete the conversion successfully.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Mary Taylor, CPA**  
Auditor of State

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 20, 2007**